

1 Cox continues to make all policy decisions, if any,
2 pertaining to the running of that station."

3 To the best of your knowledge and belief, was that
4 a true statement on December 3, 1991?

5 A That's correct.

6 Q And did you continue in your role of -- your
7 managerial role through February 26, 1992, the date of the
8 letter that appears on page 46?

9 A Yes.

10 Q And is it correct that on February 26, 1992, you
11 were in fact a full vice president and not an acting vice
12 president of the Licensees, or Contemporary Media, Inc.?

13 A Yes.

14 Q Let me call your attention to page 53, and this is
15 a letter on the letterhead of Rosenman & Colin, and it's
16 dated September 30, 1994. I want to call your attention
17 specifically to page 54, the second paragraph from the
18 bottom which begins with, "Contemporary/Lake."

19 I'm going to ask you to read that to yourself.

20 (Witness reads document.)

21 BY MR. ZAUNER:

22 Q Is that paragraph true and correct as of either
23 September 30 or September 29, 1994?

24 A That's correct.

25 Q And it was during this period of time that Mr.

1 Rice, as you have testified, had some consultative
2 activities on behalf of the -- did some consulting on behalf
3 of the station?

4 A Very limited, yes.

5 JUDGE STEINBERG: Are you finished with that one
6 because I've got questions on it before you jump into
7 another one?

8 MR. ZAUNER: Yes, Your Honor.

9 JUDGE STEINBERG: Okay. Now, the paragraph that
10 you just read, which is on page 54 of Bureau Exhibit 1, did
11 you have anything to do with -- again, this is a letter
12 signed by your attorneys.

13 THE WITNESS: Um-hmm.

14 JUDGE STEINBERG: Did you have anything to do with
15 this specific language in this paragraph, with formulating
16 it?

17 THE WITNESS: Yes.

18 JUDGE STEINBERG: And what did you have to do with
19 it?

20 THE WITNESS: I don't know. We discussed it and,
21 I mean, I gave my thought, they gave their thoughts.

22 JUDGE STEINBERG: And who is "we"?

23 THE WITNESS: The attorney.

24 JUDGE STEINBERG: And you gave your thoughts, they
25 gave their thoughts, and this is the language that was

1 ultimately decided on?

2 THE WITNESS: Yes.

3 JUDGE STEINBERG: Now, if you compare page 54 with
4 I think it's page 39. Remember the paragraph you read on
5 page -- well, get there.

6 "Since Mr. Rice's hospitalization," you will see
7 that on page 39 you've got the phrase "Managerial, policy or
8 consultative role."

9 THE WITNESS: Um-hmm.

10 JUDGE STEINBERG: And on page 54 you've got the
11 phrase "customary managerial, policy and day-to-day
12 decisions." You won't find the word "consultative role" in
13 there.

14 THE WITNESS: Um-hmm.

15 JUDGE STEINBERG: Is that correct?

16 THE WITNESS: That is correct.

17 JUDGE STEINBERG: Do you know who made the
18 decision to eliminate the phrase "consultative role"?

19 THE WITNESS: I did.

20 JUDGE STEINBERG: And tell me why that decision
21 was made?

22 THE WITNESS: Because I was consulting with him,
23 the same as I was with four or five other consulting
24 engineers.

25 JUDGE STEINBERG: Okay. Now, we go back -- go

1 back to your testimony, which is Contemporary Exhibit 1,
2 page 7, that's the book, the bound book.

3 THE WITNESS: Okay.

4 JUDGE STEINBERG: Paragraph 20. Do you have page
5 7 there?

6 THE WITNESS: Exhibit 1, page 7?

7 JUDGE STEINBERG: Yes.

8 THE WITNESS: Okay.

9 JUDGE STEINBERG: Paragraph 20.
10 You say that "Mr. Rice began to engage in limited
11 and sporadic engineering tasks." And then on page 8 you go
12 on to say, "We modified reports filed later that year with
13 the FCC regarding his status, that his role with the
14 companies was more accurately described."

15 Do you have that?

16 THE WITNESS: Right.

17 JUDGE STEINBERG: Now, when you say "We modified
18 the reports," are you referring to the change in language
19 that we see on page 54 of Bureau Exhibit 1, where the phrase
20 "consultative role" was eliminated?

21 THE WITNESS: Right. What we were trying to do
22 was to be as truthful as possible with the FCC.

23 JUDGE STEINBERG: Okay, now, if you were going to
24 be as truthful as possible with the FCC, why didn't you put
25 on page 54 what you put in your exhibit on page 7; namely,

1 "Michael Rice began to and is now engaging in limited and
2 sporadic engineering tasks for the stations"?

3 Why did you leave that language out?

4 THE WITNESS: I don't know.

5 JUDGE STEINBERG: But you made the decision, you
6 were part of the decision --

7 THE WITNESS: Right.

8 JUDGE STEINBERG: -- on page 54?

9 THE WITNESS: Right.

10 JUDGE STEINBERG: But the language, the clear
11 language which you told the Commission what the stations
12 were really doing, which is that Mr. Rice was engaging in
13 limited and sporadic engineering tasks was nowhere in any
14 submission of the Licensees to the Commission; is that
15 right?

16 THE WITNESS: No, we said he was in a consulting.
17 We removed that because that's what he was doing.

18 JUDGE STEINBERG: Does it say in that paragraph
19 Mr. Rice is now doing consulting work?

20 By "that paragraph," I am talking about the
21 paragraph on page 54 of Bureau Exhibit 1. That's in your
22 right hand.

23 THE WITNESS: Okay.

24 (Pause.)

25 THE WITNESS: Now, it says in that paragraph that

1 we had stated that he had been excluded from. It didn't say
2 what he would do

3 JUDGE STEINBERG: "Excluded from involvement in
4 the customary managerial, policy and day-to-day decisions
5 and operations of Contemporary."

6 Instead, such decisions are being made by, in
7 essence, other people.

8 THE WITNESS: Right.

9 JUDGE STEINBERG: So this paragraph talks about
10 what he is not doing.

11 THE WITNESS: Right.

12 JUDGE STEINBERG: But it doesn't talk about what
13 he was doing. And if you wanted to tell the Commission, you
14 wanted to be -- tell the Commission accurately what Mr. Rice
15 was and wasn't doing, wouldn't it have been incumbent upon
16 the Licensees to say, as you said in your Exhibit 1, page 7,
17 that Mr. Rice is now engaging in limited and sporadic
18 engineering tasks?

19 MS. SADOWSKY: Your Honor.

20 JUDGE STEINBERG: I am not going to argue with
21 you.

22 MS. SADOWSKY: With all due respect, I want to
23 object. I think you might be asking her to draw a
24 conclusion that may not necessarily be a factual conclusion.
25 The Commission was being advised as to what Mr. Rice was not

1 doing. That was the import of 1.65 statements from the
2 beginning until the end.

3 JUDGE STEINBERG: Well, let me -- I mean, I am not
4 going to be argumentative at this point, but it seems to me
5 that the dropping of the phrase "and consultative role" can
6 easily get lost in a document that's three - four pages
7 long. And unless somebody lays the document side by side,
8 who the heck is going to notice that?

9 And I think that -- well, as I said, that's where
10 I am coming from and i want to be perfectly honest with you
11 about that.

12 MS. SADOWSKY: I understand that, Your Honor, but
13 you are also coming from it in the point where you are in a
14 revocation proceeding. These were 1.65 filings filed in
15 connection with applications and various other reports
16 reporting on the status of Mr. Rice with respect to his
17 involvement or lack thereof in the station.

18 And the point of the report as to demonstrate to
19 the Commission or report to the Commission that in fact Mr.
20 Rice remained excluded from those managerial activities
21 which would normally he might be expect to have given that
22 he was the president of the company.

23 JUDGE STEINBERG: Well, the way a normal,
24 reasonable person would read this was, hey, this guy is out
25 of there. This guy is not having anything to do with the

1 stations. "Anything to do" being my phrase," not your
2 phrase, and that's the whole import, the way I read this
3 paragraph, but that's the impression that the Licensee
4 wanted to make with the Commission was, yeah, he's in
5 trouble from a legal standpoint, a criminal standpoint, but
6 don't hold that against us because he's out of the station.
7 He's out of the station operation. He's out of the
8 management, the operation, this, that and the other thing,
9 but he's not.

10 I mean, that's, I think, why this case was
11 designated for hearing. Anyway, I mean, I want to be --
12 that's one of the reasons.

13 MR. GAFFNEY: Your Honor, I think that the witness
14 has just testified that that in fact was true. And when you
15 say "management, policy and day-to-day operations" --

16 JUDGE STEINBERG: Yes, but my point is, my point
17 is read paragraph 20 into the record on Contemporary Exhibit
18 1. We were saying we modified reports filed later that year
19 with the FCC regarding his status, that his role with the
20 company is more accurately described, right?

21 And the witness testified that page 54 of Bureau
22 Exhibit 1 was one of the modifications she was talking
23 about, and --

24 MR. GAFFNEY: And it's explained further in that
25 paragraph --

1 JUDGE STEINBERG: I know. We're going to get to
2 that. And I am just -- don't see that it's more accurately
3 described, and I am asking her to explain it, and she can't.

4 I mean can you explain why you just didn't tell
5 the Commission, yeah, he's not doing, he's been excluded
6 from involvement in, A, B, C and D, but we are letting him
7 in back as a consultant and doing limited and sporadic
8 engineering tasks?

9 I mean why didn't you say that to the Commission?

10 THE WITNESS: We said he was being used on a
11 consulting role.

12 JUDGE STEINBERG: Where?

13 THE WITNESS: In this -- ah, ah, on this page 8.

14 JUDGE STEINBERG: Do you see it anywhere other
15 than that page 8 or page 7, which is where it starts.

16 THE WITNESS: I don't know. I mean, I don't
17 know --

18 JUDGE STEINBERG: Okay.

19 THE WITNESS:

20 THE WITNESS: -- that it needed to be redundant.

21 JUDGE STEINBERG: Okay. Now, I think later on
22 down on paragraph 20 on page 8 that you were referring to,
23 we said -- see, "Therein" and "In subsequent reports we
24 intentionally dropped the reference to no consultative
25 role."

1 Is that what you were referring to?

2 THE WITNESS: Yes.

3 JUDGE STEINBERG: Now, who made the decision to
4 drop that language?

5 THE WITNESS: I did.

6 JUDGE STEINBERG: And, again, why did you make
7 that decision?

8 THE WITNESS: Because we were going -- I intended
9 to use him in a consulting capacity as I said earlier. He
10 was drawing a paycheck. He was available at certain times.
11 So, you know, so I said why not -- as the expression goes --
12 why not get some bang for the buck.

13 JUDGE STEINBERG: Now, another thing is if you
14 look at page 54 again.

15 THE WITNESS: Okay.

16 JUDGE STEINBERG: And compare it with, you know,
17 get page 39 in one hand and page 54 in the other.

18 Okay, you have 39 in one hand and 54 in the other?

19 THE WITNESS: Yes.

20 JUDGE STEINBERG: Okay, look at 54. In the first
21 paragraph of that it says, "Contemporary/Lake has previously
22 reported to the Commission," and just read that sentence to
23 yourself.

24 (Witness reads document.)

25 THE WITNESS: Okay.

1 JUDGE STEINBERG: Okay, now, would you agree, and
2 if you don't agree, say you don't agree, that when you are
3 talking about "as previously reported to the Commission,"
4 that you're talking about document such as page 39?

5 MR. GAFFNEY: Just an objection, Your Honor. She
6 can only, I think, testify as to what she thinks the lawyers
7 are talking about. She didn't author this letter so.

8 JUDGE STEINBERG: Yes, but you're going to raise
9 attorney/client privilege because ---

10 MR. GAFFNEY: No, no, no. This isn't a
11 communication with counsel.

12 You can ask her what she thinks her counsel was
13 communicating to the FCC.

14 JUDGE STEINBERG: Okay. Then maybe I will have to
15 have whoever authored this letter up on the stand, because,
16 you know, what do you think they meant by "previously
17 reported to the Commission?"

18 Do you think they meant something like page 39?

19 THE WITNESS: Yeah, reports that we had filed
20 because periodically we filed update reports with the FCC as
21 to what the status was on Michael Rice's legal.

22 JUDGE STEINBERG: Okay. Now, if you read
23 "Previously reported to the Commission, Mr. Rice's pre-trial
24 hospitalization, he has been excluded from involvement in
25 customary managerial, policy," et cetera.

1 Now, it doesn't say anything about consultative
2 there, consultative role, on page 54; is that correct?

3 The point, this isn't really a question because
4 obviously she can't answer it, it appears to me also that
5 this first sentence is a mischaracterization of what was
6 previously reported.

7 MS. SADOWSKY: No, Your Honor, I beg to differ
8 only in that I direct your attention to our Licensees
9 Exhibit G-2, which is a 1992 report filed --

10 JUDGE STEINBERG: No, help me.

11 MS. SADOWSKY: The language was changed in March
12 of -- or May, I'm sorry, May of 1992, for the very reason
13 that Mr. Rice did become involved in sporadic engineering
14 tasks as her testimony indicates.

15 And from May '92 on, and, again, there were a
16 series of reports filed with the Commission --

17 JUDGE STEINBERG: Okay.

18 MS. SADOWSKY: -- some are in the records, some
19 are not.

20 JUDGE STEINBERG: Okay, so this "previously
21 reported" could have been referring to your Attachment G-2?

22 MS. SADOWSKY: Correct.

23 JUDGE STEINBERG: Okay. So you explained it.
24 That's what I -- because, to me, and I am being honest with
25 you.

1 MS. SADOWSKY: I understand.

2 JUDGE STEINBERG: You know, it seems to me like
3 this is a mischaracterization of what was previously stated
4 and a mischaracterization in favor of the Licensee. But
5 it's not. So I apologize for that, and I'm glad you pointed
6 it out to me.

7 And I'm not a good poker player, as you probably
8 can tell.

9 Okay, now, back to Mr. Zauner.

10 BY MR. ZAUNER:

11 Q Let me call your attention to Mass Media Bureau
12 No. 3.

13 A Is this the testimony of Dan Leatherman?

14 JUDGE STEINBERG: No. Ms. Cox doesn't have that
15 in front of her.

16 MR. ZAUNER: Oh, okay, one second.

17 BY MR. ZAUNER:

18 Q Mrs. Cox, I am showing you what is Mass Media
19 Bureau Exhibit No. 3, and these are, I guess, certificates
20 of resolution of corporate board of directors appointing
21 various people to sign checks for the various corporations.

22 Why was Michael Rice given check signing authority
23 in these documents?

24 I see some of them are dated -- one of them is
25 dated September 1994. That's the one on page 7. The one on

1 page 5 is also dated September 1994. The one on page 1 is
2 dated the 8th day of March, 1994.

3 What was the purpose in giving Michael Rice
4 signatory authority with the companies' checking accounts?

5 A So there would be somebody available to sign
6 checks.

7 Q Was he responsible for signing any particular
8 kinds of checks?

9 A Well, he processed two kinds of checks, payables
10 and payroll.

11 Q And he could sign either one, authority to sign
12 either kind of check?

13 A Yes, at a point in time.

14 Q Did he also have the authority to sign checks, or
15 let me withdraw that.

16 Did all checks issued by the corporations require
17 two signatures?

18 A At a point in time, yes.

19 Q Was there a point in time when one signature was
20 sufficient?

21 A Yes.

22 Q When was that?

23 A I believe in '94.

24 Q And whose signature was it that was sufficient?

25 A Any one of three.

1 Q Including Michael Rice?

2 A Correct.

3 Q And Michael Rice could have signed a check for the
4 corporation for funds for himself, or funds for any project
5 he wanted without prior approval?

6 A Well, not necessarily, because he would have had
7 to have access to them.

8 Q He would have to have had access to the checks?

9 A Yes.

10 Q Who kept the checks?

11 A They were kept in the corporate office.

12 JUDGE STEINBERG: He could have gone to the bank
13 and gotten a teller check.

14 THE WITNESS: Except they would not have
15 authorized it without two signature.

16 JUDGE STEINBERG: No, but after the one signature,
17 after it was changed to one signature.

18 THE WITNESS: Well, when it was changed to the one
19 signature, that's when he had gone to prison. That was
20 right before he went to prison.

21 JUDGE STEINBERG: Okay.

22 BY MR. ZAUNER:

23 Q Why did you change it to one signature?

24 A Because, as I have said before, it was a real pain
25 in the neck sometimes to get signatures on checks.

1 Q Did Michael Rice ever issue a check that was not
2 authorized by you --

3 A When?

4 Q -- to your knowledge?

5 After April of 1991.

6 A No.

7 Q Did he ever withhold a signature when you asked
8 him to sign a check?

9 A Not that I remember.

10 Q Let me show you Mass Media Bureau Exhibits No. 4
11 and 5. This is a signature signing authority for Mike Rice
12 and yourself, and Malcolm Rice. And it says, "Sign single."

13 Does that mean that he --

14 A One signature.

15 Q -- signature was always needed, and this is
16 September 20, 1994.

17 A That's correct.

18 Q That's right before Michael Rice went to prison?

19 A Yes.

20 Q And this was done at the same time the other
21 action was taken with regard to Contemporary Broadcasting,
22 Inc., in terms of --

23 A Each one of the three checking accounts that were
24 involved, yeah.

25 Q You had it transferred from two signatures to one

1 signature; is that right?

2 A Right. I believe Lake had actually been a one
3 signature prior to that.

4 Q Okay.

5 JUDGE STEINBERG: My notes indicate that we had a
6 question on page Mass Media Bureau Exhibit 4, page 3, with
7 regard to about when this was dated.

8 THE WITNESS: I'm sorry. Which one?

9 JUDGE STEINBERG: Mass Media Bureau Exhibit 3.

10 THE WITNESS: Uh-huh.

11 JUDGE STEINBERG: The last page.

12 THE WITNESS: The last page.

13 JUDGE STEINBERG: Excuse me, I'm sorry.

14 MR. GAFFNEY: Page 3.

15 JUDGE STEINBERG: I'm sorry. I apologize. Page
16 4.

17 THE WITNESS: Page 4.

18 JUDGE STEINBERG: No, excuse me. Exhibit 4, page
19 3.

20 THE WITNESS: There we go.

21 JUDGE STEINBERG: I know I would get it right.

22 THE WITNESS: Okay, this on dated 3-15-94? Is
23 that the one you are talking about?

24 JUDGE STEINBERG: Do you see a date on it?

25 THE WITNESS: Is this the one you are talking

1 about?

2 MS. SADOWSKY: It's document number 89 at the
3 bottom.

4 THE WITNESS: Oh. Well, this says number 66.

5 JUDGE STEINBERG: Okay, it's this exhibit.

6 MR. GAFFNEY: May I approach the witness, Your
7 Honor.

8 THE WITNESS: Okay, I think you said Exhibit 3.

9 JUDGE STEINBERG: I misspoke. There we go.

10 I mean just look at pages 1 and 2 and 3 together,
11 and you will see that they all have stamps on the bottom,
12 87, 88 and 89. So basically in the document production they
13 all came together. That might help you. It may not help
14 you.

15 THE WITNESS: Right.

16 JUDGE STEINBERG: And we are just trying to see if
17 we can place a date on page 3. If we can't, we can't.

18 THE WITNESS: I think that was done at the same
19 time.

20 JUDGE STEINBERG: Okay. So to the best of your
21 knowledge, this was done September 28, '94?

22 THE WITNESS: Right.

23 JUDGE STEINBERG: Okay, thank you.

24 BY MR. ZAUNER:

25 Q Mrs. Cox, why was it that in late September 1994,

1 right before Michael Rice was going to prison, that you were
2 filling out these bank signatory cards putting him signatory
3 authority over your checking accounts, when you knew he was
4 going to prison in a few days?

5 A Well, the reason -- it's pretty simple. In the
6 event that something happened to me, or something happened
7 to Mr. Rice --

8 JUDGE STEINBERG: You mean Malcolm Rice.

9 THE WITNESS: Malcolm Rice, right, that there was
10 somebody who could draw funds out of the bank.

11 BY MR. ZAUNER:

12 Q But would he be able to do so from prison?

13 A Via an attorney, I imagine, he could.

14 JUDGE STEINBERG: What do you mean "being an
15 attorney," Is Michael Rice an attorney?

16 THE WITNESS: No, no.

17 JUDGE STEINBERG: You said "being an attorney."

18 THE WITNESS: No, "via attorney".

19 JUDGE STEINBERG: Oh, via attorney. Okay.

20 BY MR. ZAUNER:

21 Q Oh, he could give somebody power of attorney to
22 sign for him?

23 A No, no an attorney could take documents to him.

24 Q Oh, I see. Okay.

25 You were counting on if something happened to both

1 you and Malcolm Rice, that an attorney could take the
2 checkbook to Michael Rice and he could sign the checks?

3 A Yeah. You know, that was a remote possibility,
4 but that was the main reason he was left on there.

5 Q After Michael Rice went to prison in September of
6 1994, what was the nature of your communications, if any,
7 with Mr. Rice?

8 A Oh, sometimes he would call. Sometimes he would
9 maybe write a note, that type thing.

10 Q How frequently would he telephone you?

11 A There was no set pattern or regularity.

12 Q Was it once a week generally, or twice a week, or
13 more often?

14 A When he first went, it was very seldom. Within
15 the last few months, it's been more due to the fact that his
16 father's health is not as good as it had been.

17 Q Does he send you letters frequently? Let me
18 withdraw that.

19 How frequently do you receive letters from him?

20 A Oh, I don't know. Maybe twice a month. I don't
21 know.

22 Q Do these letters often deal with station matters?

23 A No, they usually have to do with personal matters.

24 Q Do you keep him informed of what's going on at
25 the station in terms of personnel, for example?

1 A I may mention to him when I talk to him on the
2 phone that, oh, last week we hired a new program director,
3 or we put up five billboards, or something of that nature.
4 But it's usually nothing different than what I would say to
5 maybe another -- another individual who owns broadcast
6 properties or who works and calls and says, "Hey, what's
7 going on? Have you guys got any billboards up? Have you
8 done any killer advertising campaigns or promotions with
9 anybody?"

10 Q Do you tell him what's going on at the stations in
11 terms of new equipment being installed, or changes in --

12 A Yeah, I may have said, "We've got so and so on
13 order. We're going to do such and such."

14 Q Does he respond? Does he give you any
15 instructions as to what to do or not to --

16 A Sometimes he says, "Well, I wish you weren't doing
17 that," you know. But he's not here.

18 Q Let me call your attention to Mass Media Bureau
19 Exhibit No. 9.

20 Do you recall having seen this letter on or around
21 November 13, 1995?

22 A Yes.

23 Q Do you recall whether this letter came from Mike
24 Rice?

25 A Yeah, it did. It's signed by him.

1 Q Was this in response to a letter that you had sent
2 him?

3 A I don't know. It might have been in -- apparently
4 it's a follow up of a phone conversation we had.

5 Q He says here on page 1, "I think you need to have
6 a stern talk with Ken and Dennis."

7 What is he talking about there?

8 A He's talking about his two other partners in the
9 Lake station.

10 Q He says, "It's time for them to stay away from
11 KBMX and let the manager manage."

12 A That's what it says.

13 Q Did you take any action with regard to this? Did
14 you contact Ken and Dennis, or Dennis, and tell him that
15 they should stay away from KBMX?

16 A No, I may have had a conversation with them, but I
17 never told them to stay away from there.

18 Q He also says, "Dennis should direct any input to
19 you with Dan."

20 Who is "Dan"?

21 A Dan Leatherman.

22 Q He says, "If this does not happen and you get more
23 reports of incidents, we will have to change the locks and
24 keep them out of the station."

25 What is he talking about there?

1 A I am not for sure.

2 I would like to make a comment. This may sound a
3 little bit derogatory. But you have got to realize that
4 this is a letter written by an individual whose whole life
5 is the radio, the role of radio, I guess. And he is setting
6 at an institution with nothing to do but idle time. And,
7 you know, he may make comments regarding certain things that
8 may really come -- may have had something to do a long time
9 ago, or I use the expression "kind of off the wall."

10 Q You did not read this letter as being a directive
11 to you to do things, or placing you under any requirement to
12 do that?

13 A And as far as changing the locks, we don't even
14 lock that radio station because it's on the air 24 hours a
15 day, seven days a week, and there is always somebody there,
16 and it's not locked. So, you know.

17 Q On page 2 he indicates, "I think we need," and the
18 third paragraph down, "I think we need to be very positive
19 in running the stations and fair with everyone. But in the
20 past we have been too nice as in the case of Paul Hanks."

21 Do you know what he's referring to there?

22 A Yeah. He's referring to a lawsuit that Paul Hanks
23 has filed against us, a wrongful discharge.

24 Q What does he mean by, "in the past we have been too
25 nice"?

1 A Well, we -- I made numerous concessions to Paul
2 Hanks, to try to make it possible for him to continue
3 employment at the radio station. But, you know, you can
4 only -- everybody has got to cooperate. And I can't give
5 100 percent and nothing from another individual.

6 Q I'm sorry. I still don't understand.

7 A Okay. I mean, I don't know how specific I should
8 get.

9 For example, Paul Hanks, he has a health
10 condition. I had suggested to him in meetings between him
11 and Richard Hauschild that Paul take a medical leave, take
12 time off, get his medicine squared away, get his life
13 together, and, you know, we would hold it together, because
14 we had a situation to where we had employees who said, "You
15 know, we're getting tired of this."

16 I mean, we realize he's got a health problem, but
17 the doctor says quit smoking, quit drinking; you know,
18 things of this nature, and get sleep, and he wasn't doing
19 this.

20 So, you know, I said to Paul, "This is what I want
21 you to do, take this time off." He decided not to do that.
22 He said, "I'm just going to take vacation." Came back and
23 the situation was worse when he came back.

24 Q And eventually you had to fire him?

25 A Eventually Richard Hauschild called me up one day

1 and he said, "I have had it. This, this and this has
2 happened."

3 And I said, "Well, you want the final check. You
4 make the decision. You are the manager of that place."

5 Q The decision to fire Paul Hanks was Mr.
6 Hauschild's decision?

7 A Yes, and I agreed with it.

8 Q With your agreement?

9 A Yes.

10 Q The next paragraph down says, "You need to make
11 sure that Mary and Selina do most of the bookkeeping and
12 office work so that you can be free to do what you do best,
13 managing the corporations."

14 Did you take any action based upon that
15 suggestion?

16 A No different than what we were already doing.

17 Q Let me call your attention to the first paragraph
18 on page 2.

19 A Okay.

20 Q "The only way we can keep morale up is to keep
21 purchasing new equipment."

22 Is this, in your mind, Mr. Rice telling you, or
23 give you a policy to follow?

24 A No. Like I said, I think that goes in connection
25 with what I said earlier. You've got an individual who is